

# BCSSS

## pensions news

For members of the British Coal Staff Superannuation Scheme

*Winter 2014*

### Inside this issue...

- Welcome address from the new Chairman
- Report & Accounts summary
- Election results
- AGM Report
- Payslip opt out reminder
- Pension increase 2015
- Member survey
- 2015 paydays
- Pensions liberation update
- Changes to the Schemes' website



## A message from the Chairman

### Dear Member

As you may be aware, from September this year I was appointed as Chairman of your Scheme. I feel very privileged to be invited to be the Scheme's Chairman. I took over from Philip Read, who had been Chairman since 2007. I'd like to thank Philip on behalf of the Trustees for all his hard work and strong commitment as Chairman and pass on our best wishes for the future. I look forward to working with all the Trustees to ensure that the Scheme remains well run in the future for the benefit of the members.

I am a business economist and am currently a non-executive director of Taylor Wimpey Plc, Electra Private Equity Plc and Yorkshire Building Society. Previously I was a long-serving member of the Bank of England's Monetary Policy Committee, Chief Economic Adviser to the CBI and Chief Economist for the Ford Motor Company in Europe.

I have been most impressed with the diligence and amount of hard work from my fellow Trustees and from the team at Coal Pension Trustees (the Scheme's executive). Their work is of a high quality and the focus is on members at all times.



Dame Kate Barker

As you will be aware from previous editions of Pensions News, the funding position of the Scheme remains disappointing and, as a result, the outlook for future bonuses remains poor. However, the Trustees have been exploring potential ways to improve the position and have been in discussion with the Guarantor for some time. We will let you know as soon as we are able if the position changes.

I would like to wish all of you a very happy Christmas and I look forward to meeting some of you at the Scheme's AGMs in the coming years.



## Summary of the Scheme's Accounts for the year to 31 March 2014

At the Scheme year-end, 31 March 2014, the Fund stood at £8,973 million. The Fund Account is shown below.

<b>The Fund Account</b>	<b>2014</b> £million	<b>2013</b> £million
<b>Income</b>		
Income from investments	<b>140</b>	<b>147</b>
<b>Total Income</b>	<b>140</b>	<b>147</b>
<b>Expenditure</b>		
Pensions and lump sums	<b>(666)</b>	<b>(672)</b>
Running costs:		
Investment management	<b>(22)</b>	<b>(24)</b>
Other administration costs	<b>(6)</b>	<b>(7)</b>
Payments to Guarantor	<b>(37)</b>	<b>(47)</b>
<b>Total Expenditure</b>	<b>(731)</b>	<b>(750)</b>
<b>Change in market value</b>	<b>465</b>	<b>948</b>
Net Increase/(Decrease) in Fund during year	<b>(126)</b>	<b>345</b>
Net assets at 31 March 2013/2012	<b>9,099</b>	<b>8,754</b>
<b>Net assets at 31 March 2014/2013</b>	<b>8,973</b>	<b>9,099</b>

After making payments of £703 million during the year to members (£666m) and to the Guarantor (£37m), the total value of the Fund reduced by £126m.



## Summary of the Scheme's Accounts for the year to 31 March 2014 *continued*

### The Scheme's investments

Over the year to March 2014, the return on the Fund was 6.76%. The average annual return over the last three years was 7.48%.

### Annualised Return on Investment Assets to 31 March 2014

	Trailing 1 year		Trailing 3 years	
	Scheme %	Benchmark %	Scheme % p.a.	Benchmark % p.a.
<b>Fixed Income</b>	-15.12	-13.58	-0.44	0.24
<b>Equities</b>	9.91	6.62	8.76	7.49
<b>Private Equity</b>	8.53	7.79	9.99	8.70
<b>Property</b>	10.76	11.24	7.76	6.58
<b>Infrastructure</b>	3.80	2.45	8.08	3.10
<b>Absolute Return</b>	-1.23	6.62	9.60	7.49
<b>Total</b>	<b>6.76</b>	<b>5.00</b>	<b>7.48</b>	<b>6.40</b>

### Asset Allocation

At the end of the year to 31 March 2014, the actual proportion of investment assets held at market value in comparison to the target asset allocation was as follows:

		Actual %	Target Asset Allocation %
<b>Fixed Income</b>	Emerging Market Debt	6.2	7.2
	Private Debt	1.0	7.0
<b>Equities</b>	Developed Markets	56.9	53.8
	Emerging Markets	10.2	7.0
	Private Equity	10.9	10.0
<b>Property</b>	UK Property	8.7	13.0
	Infrastructure	1.9	2.0
<b>Uncorrelated Investments</b>		4.2	0.0
<b>Total</b>		100.0	100.0

## Scheme Membership Details

Details of the Scheme's Membership as at 31 March 2014 and 31 March 2013 are set out below

	As at 31 March 2014	As at 31 March 2013
<b>Deferred pensioners</b>	<b>4,727</b>	<b>5,301</b>
<b>Pensions in payment</b>		
Former contributors	40,336	41,110
Widows/widowers	16,111	16,408
Children	168	181
<b>Total pensions in payment</b>	<b>56,615</b>	<b>57,699</b>



# Trustee News

## Pensioner Representative Election Results

Pensioner Representatives on the Scheme's Committee of Management are elected from each BCSSS constituency for a period of four years. Bob Chappell's term of office as Pensioner Representative for the East Midlands, Southern England and Overseas constituency came to an end on 30 September 2014. The constituency held an election during 2014 and Mr John Sheldon was elected. He will now serve for a four year period, to the end of September 2017.



### Result in detail

- Three candidates stood for election
- 5,928 members voted, almost 31% of the 19,148 who were eligible to vote
- John Sheldon, the successful candidate, received over 41% of the votes cast.

John Sheldon	2,474
Bob Chappell	2,075
Derek Bell	1,379

Bob Chappell had been a member of the Committee of Management since 1 June 1989 and a Pensioner Representative Trustee for East Midlands, Southern England and Overseas since the re-structure of the Scheme at privatisation of British Coal. The Committee of Management would like to thank Bob for his work during this long period of service as a Trustee to the Scheme and wish him a long and happy retirement. The Committee of Management would like to offer their thanks to all those who stood for election and those who voted, and pass their congratulations to John.

### Forthcoming election

A ballot will be held during August/September 2015 for the election of a Pensioner Representative Trustee in the Yorkshire and North Lincolnshire Constituency. The current Pensioner Representative Trustee for this constituency, Stuart Jukes, is eligible to stand for re-election if he wishes. Further details of the arrangements for that election will appear in the Summer 2015 edition of BCSSS Pensions News.

## Annual General Meetings – 2014 and 2015

The 2014 Annual General Meeting (AGM) was held in Derby on Tuesday 9 September 2014. The AGM was attended by 80 Scheme members who joined the Committee of Management, Scheme officials and guests to hear presentations from the outgoing Scheme Chairman, Philip Read, the Chairman of the Investment Sub-committee, Dick Barfield and the Chief Executive of Coal Pension Trustees Services Limited, Geoff Mellor.

The presentations included a summary of the Scheme's Report and Accounts, update on Trustee appointments, a review of the Scheme's funding position and a summary of investment strategy and performance. Answers were provided to the questions which members had submitted in advance of the meeting.

The presentations were followed by an open forum session where members were able to raise questions from the floor. This resulted in a lively discussion with members asking questions about the funding position of the Scheme, raising concerns about increase

in administration costs, commenting on Scheme communications and thanking the Trustees for their hard work. A transcript of the open forum session will be available on the Scheme's website from mid-December and a summary of the questions and answers from the open forum session will also be included as an insert in the Summer edition of Pensions News.

A note of the written questions and the answers provided at the meeting is now available on the Scheme Publications section of the BCSSS website along with the speeches and presentation slides made on the day. In addition, hard copies of all of these documents, including the transcript of the open forum session, are also available on request on application to the Scheme Secretary; contact details can be found on the back page of this newsletter.

The Summer 2015 edition of Pensions News will give notice and details of the 2015 AGM, which will take place on 8 October 2015 in Edinburgh.

## Pension Payslips

We are always seeking ways in which to reduce Scheme costs and stopping providing all pensioners with a payslip each month is one way in which the Scheme could save money. Producing payslips costs the Scheme in excess of £100,000 per year; by opting out of receiving payslips pensioners could save the Scheme almost £12,000 per month in postage costs alone. For many pensioners the 'net pay' stays the same figure each month and a number of pensioners have questioned the need for a payslip in such circumstances.

Pensioners now have a choice of whether or not they wish to receive a monthly payslip as they are able to access their online payslip information through the Scheme's interactive member website. New pensioners are automatically opted out of receiving a monthly payslip. If you wish to 'opt out' of receiving a payslip please let the administration office know, their contact details can be found on the back page.

It is important to note that even if you opt out of receiving a payslip you will still receive payslips in January (which will report pensions increase details), March (as a P60) and in April (covering those pensioners with a Post '88 GMP increase and any change in tax coding). Payslips will also be issued if there is a fluctuation in net pension of more than £5 compared to the previous month.

## BCSSS pensions increase January 2015

Each year, in January, BCSSS guaranteed pensions are increased. The increase is based on the change in the Retail Prices Index (RPI) over the previous year to November. The increase in RPI to November 2014 was not available at the time of writing.

Please remember that the RPI increase in your guaranteed pension will be offset by a corresponding deduction from your reducing bonus. You will, however, receive an additional 2% bonus, which Trustees were able to award, as a result of the 2012 Valuation.

It is important to note that the RPI increase does not apply to all of your pension. Your pension is made up of a number of different elements and how they are increased is detailed in the table below.

Pension element	Description	Increase
Guaranteed Pension	This is the pension you earned up to privatisation of the coal industry (when the Scheme became closed) indexed year-on-year since that time.	This is increased each year by the rise in RPI (although please see the notes on GMP given below).
Guaranteed Minimum Pension (GMP)	If you were a contributor after April 1978, part of your guaranteed pension (described above) is the Guaranteed Minimum Pension (GMP) that the Scheme pays you as an alternative to the State Earnings Related Pension Scheme.	From State Pension Age, the State pays RPI increases on all of the GMP you earned up to 1988, and any RPI increase above 3% on the remainder. The Scheme pays the first 3% of any increase on your post 1988 GMP.
Reducing Bonuses	Your pre 2012 bonuses are now all reducing bonuses because they became subject to standstill as a result of the deficit revealed by the 2012 Valuation.	These bonuses reduce each year by the same amount that your Guaranteed Pension has increased.
Level Bonus	Bonuses awarded following the Scheme's Valuation in 2012. These bonuses were effective from 1 January 2014, and will be awarded in January 2015 and January 2016 based on 2% of your Guaranteed Pension as at the day before the effective date.	These bonuses remain level and do not increase by RPI each year.

Letters detailing each pensioner's individual increase in benefits will be issued with the January 2015 payslip. Deferred members will be notified in July on their deferred benefit statement.



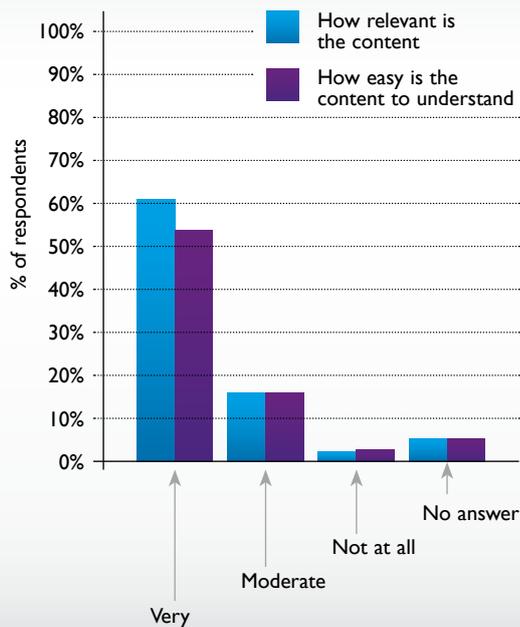
## Member Survey

Earlier this year, we carried out a survey of 1,000 members and pensioners. These were chosen at random and at least 50% of those selected had been in contact with the administration office within the last 12 months. Of the 1,000 questionnaires issued, 404 were returned. The aim of the survey was to gather the opinions of members about their views on different aspects of the Scheme; the help they receive when calling or writing to the administration team, the quality of service, how they felt about Pensions News and other material issued by the Scheme.

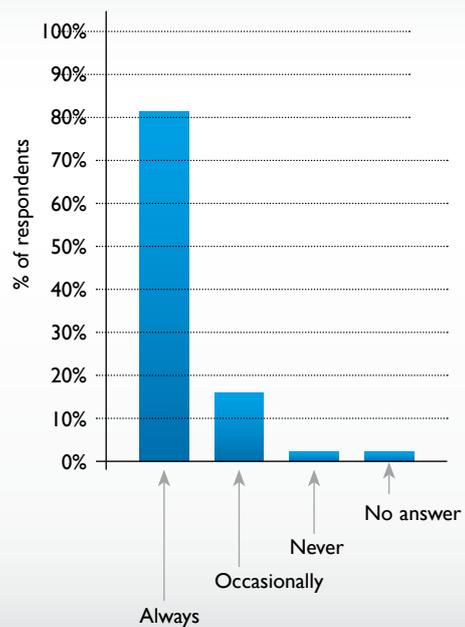
We are pleased that the number of responses from members has so far increased with every survey. We received very positive feedback with the majority of those responding satisfied with the service they had received. We also need to know if members believe they have received poor quality service, so that we can understand where problems may have occurred and build on the standard of service we provide. We have sent individual responses where members participated in the survey and took the opportunity to raise an issue or query, and provided contact details.

The results in relation to Scheme communications were particularly pleasing showing that the vast majority of those replying read and value the Scheme newsletter, BCSSS Pensions News.

### Pensions News Experience



### Having received Pensions News, do you read it?

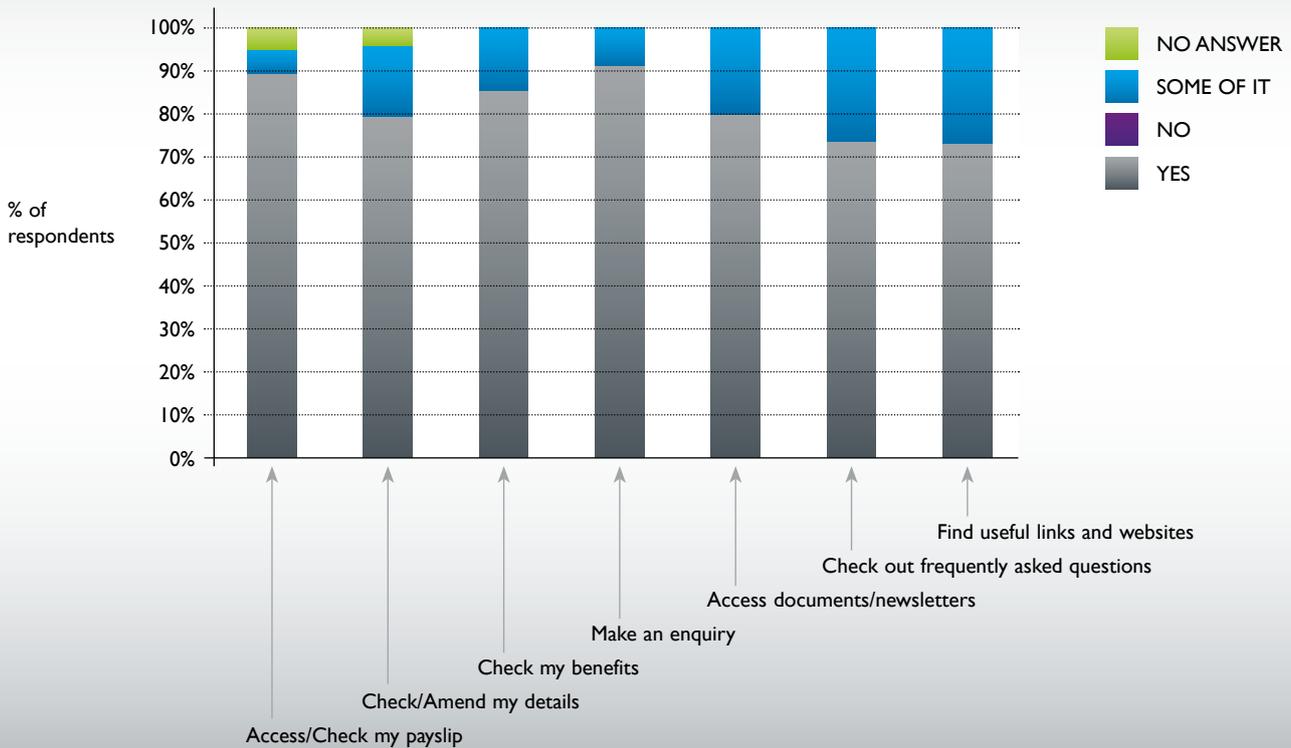


**Member Survey** *continued*

We also asked members views about the recently launched Pension Online, the Administration Office’s interactive website which allows you to view personal information about your Scheme benefits. The responses revealed that of those respondents who had logged into the website found it useful, although the majority of respondents had not yet used the system.

If you have not yet used Pension Online and have lost your login ID details, please contact the Administration Team for assistance. The interactive website address is: <https://www.mypensionline.com/BCSSS>

**Using Pension Online I found the information I was seeking**



Everyone who returned the latest survey had the opportunity to have their name entered into a prize draw to win one of three £30 High Street vouchers. Our congratulations go to this year’s winners, Mr Wilson of Chesterfield, Mr Crehan of Doncaster and Mrs Evans of Aberdare.

The Trustees were very pleased with the outcome of the survey and another survey is likely to be carried out late in 2015.



## Pension Paydays for 2015

30 January	29 May	<b>30 September</b>
27 February	<b>30 June</b>	30 October
<b>31 March</b>	31 July	30 November
30 April	28 August	<b>23 December</b>

Note: paydays highlighted in bold are also quarterly paydays

## Pension Liberation Warning

This is a reminder for members who are not yet in receipt of their BCSSS pension to be wary of companies who tell you that they will be able to allow you to have 'early access' to your pension or to a lump sum. Such companies, or 'pension liberation schemes' may promise to pay you a substantial amount, if not all, of your pension as cash, but what they don't tell you is that you might end up paying a 55% tax charge on any payments – and that is after they have taken a further cut from your pension savings in the form of a commission of typically 20% to 30%.

The Pensions Regulator has recently reissued warning guidance about such companies which can be found at:

<http://www.thepensionsregulator.gov.uk/pension-scams>

You can also obtain more information on HMRC's website about the risks of transferring your scheme pension to this type of arrangement:

<http://www.hmrc.gov.uk/pensionschemes/pen-liberation.htm>

## Pension Payroll Arrangements

The Scheme has over 56,000 pensioners in payment. To ensure that pensions are paid into bank accounts on time, the payroll has to be processed up to two weeks before the actual payday.

If you are changing your bank account it is very important to let us know as early as possible so that payment can be paid to your new account. It will help to prevent any delay if you include your Scheme reference number as shown on your payslip (it begins with A and has six digits) on any correspondence. To prevent any delays in payment, you may wish to keep your previous bank account open until you have received a letter from the Administration Office to confirm that your details have been updated.

## The Scheme's website

The Scheme's new-look website has been launched – the address is unchanged, [www.bcsss-pension.org.uk](http://www.bcsss-pension.org.uk).

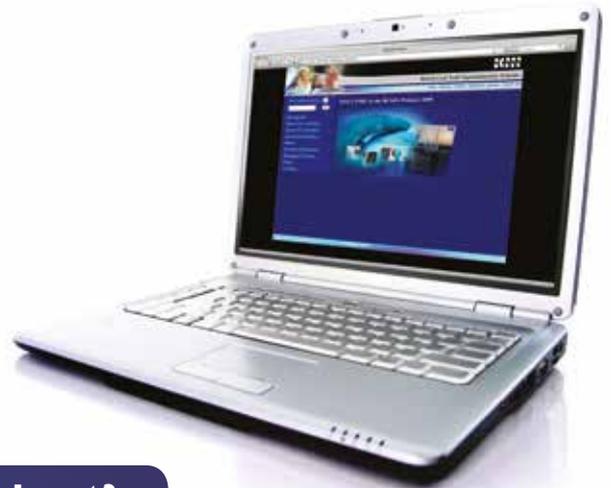
The website has been reviewed and revised and hopefully you should find it easier to use. The site also contains Scheme publications, such as the latest Report and Accounts, Pensions News, AGM documentations and forms which members may find useful. We would welcome any comments or any feedback you might have on the new site.



## Get in touch – we're here to help

For more information about the Scheme visit the Scheme website at:

[www.bcsss-pension.org.uk](http://www.bcsss-pension.org.uk)



### What is your question about?

Payment of your pension or entitlement to benefits

#### Telephone:

**Surname A-J**  
**0845 609 0012**  
(UK local no.)

**(+44) 114 203 4613**  
(Abroad standard charge no.)

**Surname K-Z**  
**0845 609 0013**  
(UK local no.)

**(+44) 114 203 4629**  
(Abroad standard charge no.)

#### Write:

The administration office return address for correspondence has changed, so any correspondence should now be sent to:

**BCSSS, PO Box 196, Huddersfield, HD8 1EG**

Please note that the administration office has not moved from Sheffield, it is simply the return address for post that has been revised.

**OR**

**E-mail:** [bcsss.enquiries@aonconsulting.co.uk](mailto:bcsss.enquiries@aonconsulting.co.uk)

**Remember to quote your National Insurance/Scheme Number**

The deduction of tax from your pension

#### HMRC contact details

HMRC have changed their address and contact telephone number. If you write to them, please use this address:

**HM Revenue & Customs**  
**Pay As You Earn**  
**PO Box 1970**  
**Liverpool**  
**L75 1WX**

Their telephone number is  
**0300 200 3300.**

Please quote reference 428/NCBP

#### A question on Trustee policy or the level of service provided by the Scheme.

##### Write:

BCSSS Scheme Secretary, Coal Pension Trustees Services Limited,  
Ventana House, Concourse Way, Sheaf Street, Sheffield S1 2BJ

**OR**

E-mail: [bcsss.enquiries@coal-pension.org.uk](mailto:bcsss.enquiries@coal-pension.org.uk)

You can also log in to our alternative website, [www.mypensionline.com/BCSSS](http://www.mypensionline.com/BCSSS) using your login ID, to check the personal details we hold for you, contact the administration team online, and much more.

## Have we got the right address for you?

It is important that we know how to contact you. Remember to notify the administration office if you move house. If you know of any former colleagues who have moved recently, why not remind them to give the administration office their new address.

BCSSS Pensions News is also available on CD, please contact the Scheme Secretary if you wish to receive a copy on CD.

